



STATE OF TENNESSEE  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**STATE CAPITOL**  
**NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ**  
**COMMISSIONER**

FOR IMMEDIATE RELEASE  
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## **JUNE REVENUES**

**NASHVILLE** - Tax collections for June continued to underperform, with a negative growth rate in sales taxes and declining corporate taxes.

Finance and Administration Commissioner Dave Goetz reported today that overall June revenues were \$1.19 billion or \$62.5 million less than the state budgeted.

"While we may continue to experience flat or negative growth rates this summer and into the fall or longer, we've taken the steps necessary to keep our budget in balance and guard against a state fiscal crisis," Goetz said. "By reducing recurring expenditures, maintaining our record savings, and adjusting the budget to reflect revenue expectations, we're in a good position to make it through predicted economic conditions."

On an accrual basis, June is the eleventh month in the 2007-2008 fiscal year.

The general fund was under collected by \$60.4 million, and the four other funds were under collected by \$2.1 million.

Sales tax collections were \$31.7 million less than the estimate for June. The June growth rate was negative 1.45%. For eleven months revenues are under collected by \$204.5 million. The year-to-date growth rate for eleven months was 0.88%.

Franchise and excise taxes combined were \$28.0 million below the budgeted estimate of \$305.2 million. For eleven months revenues are under collected by \$164.6 million.

Inheritance and estate tax collections were \$2.6 million above the June estimate. For eleven months collections are \$11.2 million above the budgeted estimate.

Tobacco tax collections were \$6.3 below the budgeted estimate of \$34.6 million. For eleven months revenues are under collected by \$68.6 million.

Gasoline and motor fuel collections for June decreased by 0.53 %. For eleven months revenues are over collected by \$11.9 million.

Year-to-date collections for eleven months were \$433.6 million less than the budgeted estimate. The general fund was under collected by \$444.7 million and the four other funds were over collected by \$11.1 million.

The budgeted revenue estimates are based on the State Funding Board's consensus recommendation adopted by the first session of the 105<sup>th</sup> General Assembly in June of 2007. The revised estimates for this fiscal year as presented in the 2008-2009 Budget Document assume an under collection in the general fund in the amount of \$180.0 million, and a shortfall of in total tax collections of \$165.4.

The State Funding Board met on April 29 and May 1, 2008 and adopted revised revenue growth ranges for the current fiscal year ranging from 0.25% to 1.00% for total taxes and - 0.50% to 0.25% in general fund taxes. These revised ranges recognize a revenue shortfall in total taxes from the original budgeted estimate in the amount of \$562.8 million at the low end to \$479.9 million at the high end. The ranges for the general fund recognize a shortfall of \$564.0 million at the low end to \$494.5 million at the high end.

**REVENUE COLLECTIONS**  
**JUNE, 2008, AND 11 MONTHS YEAR-TO-DATE**

**June Collections:**

	<b>Budgeted Accrual Estimate</b>	<b>Actual</b>	<b>Difference</b>
General Fund	\$1,097,142,000	\$1,036,717,000	(\$60,425,000)
Highway Fund	64,120,000	62,020,000	(2,100,000)
Sinking Fund	26,806,000	26,700,000	(106,000)
City & County Fund	64,196,000	64,369,000	173,000
Earmarked Fund	2,611,000	2,569,000	(42,000)
<b>Total</b>	<b>\$1,254,875,000</b>	<b>\$1,192,375,000</b>	<b>(\$62,500,000)</b>

**Year-To-Date Collections:**

	<b>Budgeted Accrual Estimate</b>	<b>Actual</b>	<b>Difference</b>
General Fund	\$9,032,629,000	\$8,587,950,000	(\$444,679,000)
Highway Fund	648,620,000	649,281,000	661,000
Sinking Fund	293,404,000	291,798,000	(1,606,000)
City & County Fund	767,713,000	779,509,000	11,796,000
Earmarked Fund	31,116,000	31,326,000	210,000
<b>Total</b>	<b>\$10,773,482,000</b>	<b>\$10,339,864,000</b>	<b>(\$433,618,000)</b>

Table 1  
Tennessee Department of Revenue  
Comparative Statement of Collected Revenues

Class of Tax	June		Change	Percent
	2007	2008		
Franchise & Excise	\$299,552,000	\$277,150,000	-\$22,402,000	-7.48%
Income	1,885,000	3,241,000	1,356,000	71.94%
Inheritance & Estate	13,082,000	8,277,000	-4,805,000	-36.73%
Gasoline	51,919,000	55,994,000	4,075,000	7.85%
Petroleum Special	5,567,000	5,718,000	151,000	2.71%
Tobacco	13,273,000	28,270,000	14,997,000	112.99%
Beer	1,700,000	1,833,000	133,000	7.82%
Motor Vehicle Registration	25,445,000	24,667,000	-778,000	-3.06%
Motor Vehicle Title	962,000	1,608,000	646,000	67.15%
Mixed Drink	4,638,000	4,837,000	199,000	4.29%
Business	116,757,000	117,869,000	1,112,000	0.95%
Privilege	56,125,000	52,741,000	-3,384,000	-6.03%
Gross Receipts	8,000	146,000	138,000	1,725.00%
TVA - In Lieu of Tax Payments	21,115,000	22,012,000	897,000	4.25%
Alcoholic Beverage	3,704,000	3,806,000	102,000	2.75%
Sales and Use	580,446,000	572,035,000	-8,411,000	-1.45%
Motor Vehicle Fuel	16,192,000	11,573,000	-4,619,000	-28.53%
Severance	178,000	351,000	173,000	97.19%
Coin-operated Amusement	66,000	88,000	22,000	33.33%
Unauthorized Substance	88,000	159,000	71,000	80.68%
Total	\$1,212,702,000	\$1,192,375,000	(\$20,327,000)	-1.68%



Table 2  
Tennessee Department of Revenue  
Comparative Statement of Collected Revenues

Class of Tax	August - June			
	2006-2007	2007-2008	Change	Percent
Franchise & Excise	\$1,695,736,000	\$1,597,252,000	-\$98,484,000	-5.81%
Income	247,903,000	290,052,000	42,149,000	17.00%
Inheritance & Estate	104,218,000	97,755,000	-6,463,000	-6.20%
Gasoline	556,604,000	566,765,000	10,161,000	1.83%
Petroleum Special	59,488,000	59,808,000	320,000	0.54%
Tobacco	125,890,000	262,360,000	136,470,000	108.40%
Beer	16,766,000	17,074,000	308,000	1.84%
Motor Vehicle Registration	238,645,000	233,253,000	-5,392,000	-2.26%
Motor Vehicle Title	10,173,000	10,407,000	234,000	2.30%
Mixed Drink	48,846,000	50,243,000	1,397,000	2.86%
Business	132,405,000	134,175,000	1,770,000	1.34%
Privilege	319,129,000	291,476,000	-27,653,000	-8.67%
Gross Receipts	14,583,000	14,280,000	-303,000	-2.08%
TVA - In Lieu of Tax Payments	226,363,000	248,321,000	21,958,000	9.70%
Alcoholic Beverage	37,908,000	39,778,000	1,870,000	4.93%
Sales and Use	6,201,810,000	6,256,460,000	54,650,000	0.88%
Motor Vehicle Fuel	167,644,000	166,274,000	-1,370,000	-0.82%
Severance	1,450,000	2,234,000	784,000	54.07%
Coin-operated Amusement	162,000	166,000	4,000	2.47%
Unauthorized Substance	1,530,000	1,731,000	201,000	13.14%
Total	\$10,207,253,000	\$10,339,864,000	\$132,611,000	1.30%

**Table 3**  
**August - June Revenue Overcollections/(Undercollections)**  
**Budgeted Estimate**

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Sales Tax	\$ (195,100,000)	\$ (9,400,000)	\$ (204,500,000)
Income Tax	18,800,000	9,500,000	28,300,000
Inheritance Tax	11,200,000	0	11,200,000
Privilege Tax	(54,500,000)	200,000	(54,300,000)
Business Tax	3,600,000	0	3,600,000
TVA	5,300,000	3,800,000	9,100,000
Gross Receipts	(1,100,000)	0	(1,100,000)
Gasoline & Motor Fuel Taxes	200,000	11,700,000	11,900,000
Motor Vehicle Registration	(300,000)	(4,900,000)	(5,200,000)
Other Taxes	(68,200,000)	200,000	(68,000,000)
<b>Sub-Total</b>	<b>\$ (280,100,000)</b>	<b>\$ 11,100,000</b>	<b>\$ (269,000,000)</b>
F & E Taxes	(164,600,000)	0	(164,600,000)
<b>Total</b>	<b>\$ (444,700,000)</b>	<b>\$ 11,100,000</b>	<b>\$ (433,600,000)</b>